



Department of Public Utilities
2600 Fresno Street
Fresno, CA 93721

Dear Customer:

This notice explains the proposed utility service rate increases for customers receiving City of Fresno water, wastewater/sewer and solid waste utility services. The proposed utility rate increases will be recommended to the Fresno City Council at the date, time and location specified below in the Notice of Public Hearing. This notice also provides information on the reason for the rate increases and what the additional revenue generated by the adopted rate increase will be used for.

NOTICE OF PUBLIC HEARING

Public hearings for the proposed rate increases will be held on:

Date: Tuesday, February 27, 2007

Water	Time: 5:00 p.m.
Wastewater/Sewer	Time: 5:00 p.m.
Solid Waste	Time: 5:00 p.m.

Place: City of Fresno, Council Chambers; 2600 Fresno Street, Fresno, CA 93721

The hearings will cover proposed rate increases for water, wastewater/sewer and solid waste utility services.

This notice has been sent to all property owners who currently receive any of these utility services. If adopted, the proposed 5-year rate increases would become effective April 1, 2007 and September 1, 2007-2010. This notice also describes how to file a protest against the proposed rate increases (see page 5).

BACKGROUND INFORMATION

The following two charts (see page 2) provide a summary of the increases to be considered by Fresno City Council at the public hearings noted above. The charts represent the monthly impact to a typical residential or commercial customer.

The 5-year rate plan was recommended by the Fresno Utility Commission, a volunteer group of citizens appointed by the Mayor and City Council. The final report was delivered to the City Manager and City Council on November 1, 2006. On November 14, 2006, City Council adopted the Utility Commission recommendation and directed City staff to proceed with the Proposition 218 public notification process.

City of



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ADDRESS SERVICE REQUESTED

Department of Public Utilities
2600 Fresno Street
Fresno, CA 93721



PRESORTED
STANDARD
US POSTAGE
PAID
FRESNO CA
PERMIT 1242

PROPOSED MONTHLY RESIDENTIAL RATES

		Current Rate	1-Apr-07	1-Sep-07	1-Sep-08	1-Sep-09	1-Sep-10	Total
Water¹	\$ Rate	\$13.35	15.75	18.59	22.87	22.87	22.87	
	\$ Incr.		2.40	2.84	4.28	0.00	0.00	\$9.52
	% Incr.		18.0%	18.0%	23.0%	0.0%	0.0%	71.3%
	Additional \$ amount for each 100 sq ft.							
	of lot	\$0.133	0.157	0.185	0.228	0.228	0.228	-
Wastewater/ Sewer²	\$ Rate	\$14.86	17.67	17.67	21.01	24.98	25.75	
	\$ Incr.		2.81	0.00	3.34	3.97	0.77	\$10.89
	% Incr.		18.9%	0.0%	18.9%	18.9%	3.1%	73.3%
Solid Waste³	\$ Rate	\$17.93	20.98	24.13	27.75	28.86	29.73	
	\$ Incr.		3.05	3.15	3.62	1.11	0.87	\$11.80
	% Incr.		17.0%	15.0%	15.0%	4.0%	3.0%	65.8%

¹ Base Water Rate for 6,000 sq. ft. lot

² Base Wastewater/Sewer Rate per Residential Customer

³ Base Solid Waste Rate per Residential Customer includes weekly pick-up of all 96 gallon containers

The following table shows the proposed commercial utility rate increase percentages starting April 1, 2007 and September 1, 2007-2010.

PROPOSED UTILITY RATE INCREASE – COMMERCIAL USERS*

	1-Apr-07	1-Sep-07	1-Sep-08	1-Sep-09	1-Sep-10
Water	18%	18%	23%	0%	0%
Wastewater/ Sewer	18.9%	0.0%	18.9%	18.9%	3.1%
Solid Waste	12%	0%	0%	0%	0%

* Commercial utility rates vary based on service usage and the type of service requested by the property owner. Therefore, the above chart shows the overall commercial rate increases as a percentage.

Due to the number of commercial rates and services available, commercial customers should calculate their new rates by taking the appropriate percent increase above and multiplying it by their current rate. Then add the dollar increase amount to the current rate to find out your new rate.

Example:

Current Monthly Water Rate = \$13.35
Multiply by Appropriate Percentage Increase = 18%
\$ Increase = \$13.35 x .18 = \$2.40
New Monthly Water Rate = \$13.35 + \$2.40 = \$15.75

HOW CAN I FIND OUT HOW THIS PROPOSED INCREASE AFFECTS MY UTILITY BILL?

You may obtain information on the amount to be charged for services to your parcel by contacting the City of Fresno Utility Billing and Collections Department at **(559) 621-6888**.

WHY ARE UTILITY RATES BEING INCREASED?

To continue the City of Fresno's long tradition of providing reliable water, wastewater/sewer and solid waste utility services to our customers, rate increases are needed to cover increasing operational costs. Several factors have contributed to the increase in operational costs, including rising electricity and natural gas to operate water wells and other utility facilities, rising chemical costs for treating drinking water and wastewater, increased cost of our raw water supply, increased costs associated with operation and fuel for refuse collection trucks and other utility vehicles, ongoing maintenance of infrastructure, biosolids hauling and green waste processing, the state recycling mandate, increased labor related costs and compliance with more stringent state and federal regulations. To mitigate aging infrastructure and the requirements of increased regulations over the next five years, approximately \$700 million in capital improvement projects are necessary.

The last time utility rates were increased was in September 2002 for both Water and Solid Waste, and in September 1997 for Wastewater/Sewer. In the meantime, utility costs have increased significantly. Also, planned future capital expenditure requirements in both Water and Wastewater/Sewer will require utility rate increases to pay for anticipated bond debt service increases.

According to both internal and external, independent, utility rate surveys, the City of Fresno's current utility rates are among the lowest in the Central Valley, the state and the nation. Even after the proposed rate increases, Fresno's rates will still be among the lowest utility rates found anywhere.

Water Division purchases, treats, and delivers on average 146 million gallons of water per day to single-family residents, multi-family and commercial businesses 24 hours a day, seven days a week. This safe, high quality water meets all state and federal drinking water standards. The Water Division operates and maintains a surface water treatment facility, pipelines, pump stations, fire hydrants, storage reservoirs, wells, and water meters. The proposed rate increase will provide funding to cover increased operations and maintenance costs such as chemicals, power, fuel and labor, ensure compliance with state and federal water treatment regulations, water meter installation for residential customers, and continue to provide for the set-aside of funds for rehabilitation and replacement of infrastructure as it ages. The proposed rate increase is a result of increased costs for capital expenditures, operations and maintenance expenses, and necessary reserve requirements. The City of Fresno, City Clerk's Office, 2600 Fresno Street, Fresno, CA 93721 has on file the comprehensive utility rate study available for review.

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Wastewater/Sewer Divisions treat on average 71 million gallons per day of wastewater using state-of-the-art technology. The Wastewater Management Division conducts regular tests to monitor the wastewater that enters and leaves the plant, while meeting all federal and state requirements for wastewater treatment. Sewer Maintenance Division maintains the 1,400 miles of sewer lines (some of which are nearly 100 years old), 20,000+ manholes, and fifteen sewer lift stations. The Division cleans and performs repairs daily on the sewer main lines keeping them free of obstructions and debris to avoid sanitary sewer overflows. The proposed rate increases will provide funding to cover increased operations and maintenance costs such as power, chemicals, fuel and labor, ensure compliance with more stringent federal and state regulations, and continue to provide for the set aside of funds for rehabilitation and replacement of infrastructure as it ages. The proposed rate increase is a result of increased costs for capital expenditures, operations and maintenance expenses, and necessary reserve requirements. The City of Fresno, City Clerk's Office, 2600 Fresno Street, Fresno, CA 93721 has on file the comprehensive utility rate study available for review.

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Solid Waste Management Division collects on average 1,350 tons of waste per day, manages refuse, recyclables, and green waste in order to comply with the state mandated recycling goals of diverting 50 percent of solid waste away from the landfill. The proposed rate increases will cover costs related to meeting state mandated diversion goals, maintaining citywide recycling services as well as increased costs in fuel, vehicles and labor. The increase will allow the City to continue to provide reliable curbside collection services and recycling programs to its customers. The proposed rate increase is a result of increased costs for capital expenditures, operations and maintenance expenses, and necessary reserve requirements. The City of Fresno, City Clerk's Office, 2600 Fresno Street, Fresno, CA 93721 has on file the comprehensive utility rate study available for review.

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EXCEPTIONS IN SERVICE ARE AS FOLLOWS:

County of Fresno Residents and Businesses

County properties located within the City do not receive solid waste services and their solid waste rates will not be affected by this notice. However, some properties do receive water, wastewater/sewer or both utility services from the City and your utility rates will be affected based on the type of service provided as shown in this notice.

Residents and Businesses located within the Bakman Water Company

Properties located within the Bakman Water Company do not receive water service from the City and their water rates will not be affected by this notice. However, some properties do receive solid waste, wastewater/sewer or both utility services from the City and your utility rates will be affected based on the type of service provided as shown in this notice.

Residents and Businesses located within Pinedale Public Utility District (PPUD)

Properties located within PPUD do not receive wastewater/sewer services from the City and their wastewater/sewer rates will not be affected by this notice. However, some properties do receive solid waste, water or both utility services from the City and your utility rates will be affected based on the type of service provided as shown in this notice.

Residents and Businesses located within Pinedale County Water District (PCWD)

Properties located within PCWD do not receive water or wastewater/sewer services from the City and their water and wastewater/sewer rates will not be affected by this notice. However, some properties do receive solid waste services from the City and your utility rates will be affected based on the type of service provided as shown in this notice.

Residents and Businesses located within the Herndon Water Company Service Area

Properties located within the Herndon Water Company Service Area do not receive water or wastewater/sewer services from the City and their water or wastewater/sewer rates will not be affected by this notice. However, some properties do receive solid waste services from the City and your rate will be affected as shown in this notice.

NOTE TO PROPERTY OWNERS:

In rental situations where the tenant pays the utility fees, it is the responsibility of the property owner to supply the tenant with this rate increase notice. Tenants are entitled to submit a written protest and appear at the utility rate protest hearings.

HOW DO I PROTEST THE PROPOSED RATE INCREASES?

The Fresno City Council will consider these proposed rate increases for utility services at public hearings on Tuesday, February 27, 2007 at:

Water	Time: 5:00 p.m.
Wastewater/Sewer	Time: 5:00 p.m.
Solid Waste	Time: 5:00 p.m.

The hearings will be held at the City of Fresno, Council Chambers located at 2600 Fresno Street, Fresno, CA 93721.

Under Proposition 218, if you are the owner of record for a parcel or parcels subject to the proposed rate changes, you may submit a written protest against each type of proposed rate increase (Water, Wastewater/Sewer, and/or Solid Waste) to the City Clerk at or before the time set for the public hearings. You must file a separate written protest for each type of utility rate (Water, Wastewater/Sewer, and/or Solid Waste) that you are protesting. If written protests are filed by a majority of the affected property owners, the applicable proposed rate increases will not be imposed.

A written protest must contain a description of the parcel or parcels in which the party signing the protest has an interest sufficient to identify the parcel(s) including the Assessor's Parcel Number (APN). If the party signing the protest is not shown on the last equalized assessment roll of Fresno County as the owners of the parcel(s), the protest must contain, or be accompanied by, written evidence that such party is the owner of the parcel(s). Protest letter should also indicate which proposed utility service rate(s) increase is being protested: Water, Wastewater/Sewer, and/or Solid Waste services.

Written protests regarding the proposed rate change(s) may be mailed to: City of Fresno, City Clerk, 2600 Fresno Street, Fresno, CA 93721. Written protests may also be personally delivered to the City Clerk at this address. To be valid, a protest must be in writing and received by the City Clerk at or before the time of the protest hearings.

You may obtain information on the amount to be charged for services to your parcel by contacting the City of Fresno Utility Billing and Collections Department at **(559) 621-6888**.